

April 15, 2005

Dear Friend:

This week the House of Representatives passed two pieces of legislation that actually do more harm than good for the citizens of New Mexico. The House passed S. 256 to reform our nation's bankruptcy laws, and H.R. 8, to permanently repeal the federal estate tax. I have supported efforts to reform both our bankruptcy laws and to make the estate tax fairer for all, but I strongly disagreed with the ways in which these bills went about doing so.

It is no secret that the number of bankruptcies has increased considerably over the past twenty years. Although the majority of these filings are caused by job loss, medical catastrophe, or divorce, the need for reform of our current bankruptcy laws is real. However, S. 256 is not the way to do it. S. 256 fails to find a middle ground between lenders and borrowers. It is certainly critical that individuals begin taking greater responsibility for their debt. However, the credit card industry must take greater responsibility for shamelessly targeting individuals with their credit card applications. Please [click here](#) for more information.

On the issue of the estate tax, the bill the House passed ignores the need to invest in our future, preserve our Social Security, and balance our federal budget. Instead, H.R. 8 gives a tax break to the wealthiest three-tenths of one percent of estates, while imposing a new capital gains tax on most estates, including small business owners and farmers. It is sadly ironic that the Majority passed a bill that would hurt more taxpayers than it would help. H.R. 8 would increase taxes and administrative burdens on more than 71,000 estates, 10 times more than would see tax relief under the repeal. Moreover, the Department of Agriculture has estimated that more farm estates would see a tax increase under H.R. 8 than would see tax relief. I do not think this is fair.

Instead, I supported alternative legislation that would provide immediate estate tax relief for 99.7 percent of estates. This alternative would immediately exclude estates of \$6 million per couple from the estate tax and increase this to \$7 million by 2009. Also, importantly, the alternative I supported would cost one-quarter of the amount of H.R. 8, thereby protecting funds that could be used to strengthen Social Security and to invest in our common future. For additional information, please [click here](#).

Very truly yours,  
Tom Udall